

TO INVESTORS

30 August 2012

EQUITITRUST INCOME FUND ARSN 089 079 854 (“EIF”) (RECEIVER APPOINTED) (“The Fund”)

I refer to my previous reports dated 1 February 2012, 21 February 2012, 27 March 2012, 16 May 2012, 21 June 2012 and 26 July 2012, and now provide my seventh update to investors on the progress of the winding up of the Fund by me as Court appointed receiver of the property of the Fund.

1. Receipts and Payments

I provide below a summary of the Receipts and Payments of the Fund for the period 23 July 2012 to 28 August 2012.

Summary of Receipts and Payments for the Period 23 July 2012 to 28 August 2012	
Opening Cash at Bank	1,787,593.98
Receipts	
Interest Income	843.83
Loan Recoveries:	
Resort Corporation Australia (No.2) Pty Ltd	816,868.46
Rosea Pty Ltd	74,963.89
Toowoomba (Foundry Shopping Centre) Pty Ltd	78,491.22
Tweed Central Pty Ltd	1,586,947.64
Total Receipts	2,558,115.04
Payments	
Bank Charges	17.20
Distribution to Secured Creditor - NAB	2,500,000.00
Distressed Loan funding:	
Boothers Pty Ltd	8,295.32
Checkling Pty Ltd	27,305.87
Corymbia Estates Pty Ltd	35,263.12
Gonfanon Pty Ltd	18,964.65
Morvale Land Pty Ltd	5,280.00

Newton, Kristine Lorraine	1,732.50	
Resort Corporation Australia (No 2) Pty Ltd	31,317.34	
Tweed Central Pty Ltd	305,328.17	
Valencia Grove Pty Ltd	2,427.15	
Western Land Corporation	7,544.30	
Windsor Turf Pty Ltd	8,341.21	
Wirrina Corporation	121,057.50	
Wirrina Resort & Conference Centre Pty Ltd (In Liquidation)	20,878.25	593,735.38
IT expenses		9,855.56
Legal Fees		115,934.41
Mileage Allowance		94.53
Office Rental charge		8,018.14
Superannuation		11,123.74
Wages & Salaries		64,980.32
Total Payments		3,303,759.28
Closing Cash at Bank		1,041,949.74

2. Realisation of Assets

The realisation of the Fund's assets continues to progress.

As advised in previous reports, this is a public document and therefore to ensure I do not prejudice any ongoing negotiations regarding the sale of the properties, I will not at this time identify individual properties and/or their expected realisable values. However, I summarise all sales, contracts on foot, current offers accepted and contracts awaiting execution below:

	\$
Sales completed	10,238,726
Twelve contracts on foot	9,755,266
Four offers accepted, awaiting executed contracts	566,960
Three offers under consideration	18,650,000 - 21,650,000

With respect to the information above, I note the following:

- Five contracts are unconditional with settlements scheduled in September 2012 and gross realisations of approximately \$3.4 million;
- Three contracts are unconditional with settlements scheduled in December 2012 and gross realisations of approximately \$1.03 million;
- A contract for \$2.25 million for a property has been exchanged with due diligence expiring on 5 September 2012 and settlement scheduled for 5 October 2012;

- A deed of settlement has been executed with \$150,000 received on 18 June 2012 and \$1.1 million to be received on 17 June 2013;
- Contracts for four lots are currently being exchanged with gross realisations of approximately \$567,000 anticipated. The agent for the site is continuing to market the remaining lots;
- An offer in the range of \$12M to \$15M is still under consideration; and
- Offers of \$5 million and \$1.65 million are currently under consideration.

The remaining 10 properties, with the exception of one property, is currently on the market or being prepared for the commencement of sale campaigns. The property not presently subject to a sale campaign is currently subject to possession proceedings.

I will update investors on the progress of the sales in my monthly reports to investors.

3. Legal Proceedings

As noted in my previous reports, there are currently nine legal actions on foot although five are largely finalised with cost orders to be recovered in four of those matters.

The remaining actions are at various stages from reviewing counter claims to negotiating settlements in respect of amounts awarded in favour of EIF. The actions are expected to realise several million dollars for the benefit of investors although this may take some time to realise.

Additionally, possession proceedings are continuing in respect of one property and two actions are progressing against the same valuer for negligence and damages in excess of \$10M. Any amount recoverable in this latter respect will be sought against a professional indemnity insurance policy.

4. Estimated Return to Investors

I provide below an estimated return to investors of between 17 and 25 cents in the dollar as at 27 August 2012 as follows:

	Low \$000's	High \$000's
Total estimated selling prices	50,367	67,177
Less: Selling costs - marketing and agents fees (3.5%)	(1,763)	(2,351)
Secured creditors (net of cash at bank)	(6,658)	(6,658)
Land Tax and Rates	(8,066)	(8,066)
Other unsecured creditors	(1,094)	(1,094)
Receivers fees	(745)	(745)



Estimated net amount available to investors as at 27 August 2012	32,041	48,263
Total investors units	193,916	193,916
Estimated return in the dollar	\$0.17	\$0.25

The above table does not take into account future operating costs, interest on bank loans until repaid in full, future Receivers fees and rates and land tax after 31 July 2012. It also excludes any legal recoveries against borrowers, valuers or other third parties.

Subject to the sale of the properties currently on the market and where sale campaigns are to commence, I remain hopeful that I will be able to commence interim distributions to investors in the second half of this year or early next year. This will be after paying secured creditors, land tax and rates, Receivers fees and the unsecured creditors who rank ahead of investors' interests.

5. Correspondence from Centrelink

In response to my correspondence requesting consideration to exempt units from deeming provisions, and my updated unit valuation of 23 cents, I have received a letter from the office of the Minister for Families, Community Services and Indigenous Affairs, Minister for Disability reform, the Honourable Jenny Macklin MP. Please find *attached* the Minister's response for your information.

In relation to the exemption of units from deeming provisions, the position of the Minister's office is unchanged and therefore the units held in the fund will not be exempt for deeming purposes. The Minister's office explains that:

"...the freezing of distributions and the risks associated with this product is allowed for in the PDS and the constitution of the fund. Consequently, investors would therefore have been made aware of the potential for this situation when they made the choice to invest."

"...[the] investments in the Fund will continue to be assessed as financial assets subject to the deemed income provisions and the assets tests."

In relation to the updated unit price, the Minister's office has requested that investors advise Centrelink of the change in value of their investment.

6. Income statements for Taxation purposes

To assist completion of your tax obligations for the financial year ending 30 June 2012, please find *attached* a letter detailing that no distributions, interest, capital or otherwise, were made during the last financial year.



Should investors have any queries in relation to the winding up of the Fund, they should contact my office on (07) 3237 5999 or by email at info@bdo.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. Whyte'. The signature is written in a cursive style and is positioned to the right of the typed name.

David Whyte
Receiver



**Office of the Hon Jenny Macklin MP
Minister for Families, Community Services and Indigenous Affairs
Minister for Disability Reform**

*Parliament House
CANBERRA ACT 2600*

*Telephone: (02) 6277 7560
Facsimile: (02) 6273 4122*

RECEIVED
06 AUG 2012

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BY:.....

02 AUG 2012

Mr David Whyte
BDO Business Recovery and Insolvency (QLD) Pty Ltd
GPO Box 457
BRISBANE QLD 4001

Dear Mr Whyte

Thank you for your letter of 31 May 2012 to the Minister for Families, Community Services and Indigenous Affairs, Minister for Disability Reform, the Hon Jenny Macklin MP, about exempting investments in the Equititrust Income Fund from the social security income test deeming rules. The Minister has asked me to reply to you on her behalf. I apologise for the delay in responding.

As you may know, exemptions from the deeming rules have been provided in very limited circumstances and only when specific characteristics are met, including the investment ceasing to operate within the terms of the Product Disclosure Statement (PDS).

In relation to the Equititrust Income Fund (the Fund), I understand the freezing of distributions and the risks associated with this product is allowed for in the PDS and the constitution of the fund. Consequently, investors would therefore have been made aware of the potential for this situation when they made the choice to invest. In this regard, the Fund continues to operate like any other managed fund which is subject to market forces, which may involve the cessation of income distributions, a reduction in the value of the investment or a winding up of the fund.

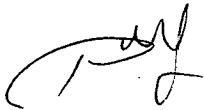
While the Minister appreciates the difficulties investors are experiencing, investments in the Fund will continue to be assessed as financial assets subject to the deemed income provisions and the assets tests.

I note your estimate of the likely return to investors. I would recommend that investors contact Centrelink to advise of the change in the value of their investment.

In addition, if investors want further information regarding their individual circumstances, I would also recommend that they arrange an interview with a Centrelink Financial Information Service officer. These officers are specially trained to provide information on the operation of the income and assets tests. This is a free service and an appointment can be made by phoning Centrelink on 13 2300 for the cost of a local call. Please note that calls made from mobile phones may incur additional costs.

Thank you again for writing.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Max Jeganathan', written in a cursive style.

Max Jeganathan
Adviser



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AUSTRALIA

TO INVESTORS

30 August 2012

Dear Investor,

**EQUITITRUST INCOME FUND (“EIF”)
(RECEIVER APPOINTED) (“THE FUND”)
RESPONSIBLE ENTITY: EQUITITRUST LTD A.C.N. 061 383 944**

I refer to my appointment on 21 November 2011 as interim Receiver and subsequent appointment on 23 November 2011 as Receiver of the Fund’s assets and the person responsible for ensuring the winding up of the Fund in accordance with the terms of its constitution.

The books and records maintained by the Fund and its’ Responsible Entity indicate that *no distributions; interest, capital or otherwise, were made to investors of the fund for the financial year ending 30 June 2012.*

I advise that records produced prior to my appointment have not been audited and as such I accept no responsibility for the completeness or accuracy of same.

Should you have any queries, or require further information, please contact Andrew Want of this office on (07) 3237 5999.

Yours faithfully

David Whyte
Receiver

Equititrust Income Fund (Receiver Appointed)
21 November 2011 to 26 August 2012

Employee	Position	Rate	Total		Administration		Assets		Creditors		Employees		Investigations		Trade-on	
			Units	Total \$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Whyte, David	Partner	560	124.50	69,720.00	14.20	7,952.00	79.30	44,408.00	1.40	784.00	0.20	112.00	0.00	0.00	29.40	16,464.00
Fielding, Andrew	Partner	545	0.20	109.00	0.20	109.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Newman, Helen	Partner	545	0.60	327.00	0.60	327.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Whyte, David	Partner	545	681.30	371,308.50	15.40	8,393.00	156.10	85,074.50	42.10	22,944.50	0.60	327.00	8.70	4,741.50	458.40	249,828.00
Somerville, John	Senior Manager	425	126.00	53,550.00	19.90	8,457.50	52.90	22,482.50	10.80	4,590.00	0.00	0.00	0.00	0.00	42.40	18,020.00
Brushe, David	Manager	375	146.20	54,825.00	28.00	10,500.00	86.20	32,325.00	1.80	675.00	0.00	0.00	1.50	562.50	28.70	10,762.50
Raphael, Alastair	Manager	375	0.80	300.00	0.80	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Somerville, John	Manager	375	121.20	45,450.00	24.40	9,150.00	69.50	26,062.50	7.50	2,812.50	0.00	0.00	0.50	187.50	19.30	7,237.50
Brown, Gareth	Supervisor	350	2.70	945.00	0.00	0.00	2.7	945.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bulda, Andrew	Supervisor	350	11.20	3,920.00	0.00	0.00	11.2	3,920.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Potts, Andrew	Supervisor	350	0.60	210.00	0.00	0.00	0.00	0.00	0.00	0.00	0.6	210.00	0.00	0.00	0.00	0.00
Boyes, Rebecca	Senior Accountant II	270	1.90	513.00	1.10	297.00	0.80	216.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Coulston, Jayden	Senior Accountant II	270	13.50	3,645.00	10.40	2,808.00	2.70	729.00	0.10	27.00	0.30	81.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant II	270	114.20	30,834.00	111.30	30,051.00	2.90	783.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bauer, Kirsty	Senior Accountant II	260	8.00	2,080.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	2,080.00	0.00	0.00
Robotham, Scott	Senior Accountant II	260	0.20	52.00	0.20	52.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant II	260	333.90	86,814.00	319.30	83,018.00	1.10	286.00	5.40	1,404.00	0.00	0.00	0.00	0.00	8.10	2,106.00
Coulston, Jayden	Accountant I	210	64.70	13,587.00	21.80	4,578.00	13.30	2,793.00	26.10	5,481.00	1.90	399.00	1.10	231.00	0.50	105.00
Jones, Annabel	Accountant I	210	17.30	3,633.00	17.30	3,633.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pembroke, Elle	Accountant I	210	7.80	1,638.00	7.40	1,554.00	0.00	0.00	0.40	84.00	0.00	0.00	0.00	0.00	0.00	0.00
Gasper, Michael	Accountant II	160	6.50	1,040.00	6.50	1,040.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gasper, Michael	Accountant II	155	0.30	46.50	0.30	46.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Richardson, Ashley	Administrative Assistant	70	12.40	868.00	12.40	868.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL			1,796.00	745,415.00	611.50	173,134.00	478.70	220,024.50	95.60	38,802.00	3.60	1,129.00	19.80	7,802.50	586.80	304,523.00
			GST	74,541.50												
			TOTAL INC GST	819,956.50												
AVERAGE HOURLY RATE			415.04		283.13		459.63		405.88		313.61		394.07		518.96	

DISBURSEMENT REPORT

Equititrust Income Fund (Receiver Appointed)
21 November 2011 to 26 August 2012

Item	
NSW Power of Attorney Transfer fee	90.45
Airfares	2,867.53
Travel - Mileage	4,849.50
Travel - Taxi	104.94
Travel - Car Rental	733.25
Parking	134.55
Courier	642.72
Mobile Internet	53.63
EIF - Photocopier install	255.00
Postage	2,375.61
Photocopying	4,891.80
Search Fee	1,554.73
Sub Total	18,553.71
GST	1,855.37
TOTAL	20,409.08